

Berman	Jefferson	Peterson (FL)
Bonior	Johnson (SD)	Pomeroy
Borski	Johnson, E. B.	Rahall
Bryant (TX)	Johnston	Rangel
Clay	Kanjorski	Rivers
Clayton	Kaptur	Roybal-Allard
Clyburn	Kildee	Sanders
Coleman	Klink	Sawyer
Collins (IL)	Lewis (GA)	Schroeder
Collins (MI)	Lipinski	Scott
Conyers	Luther	Serrano
Costello	Markey	Stark
Coyne	Martinez	Stokes
Cramer	Mascara	Studds
Dellums	McDermott	Stupak
Dicks	McHale	Tanner
Dingell	McKinney	Taylor (MS)
Dixon	Meek	Thompson
Doggett	Menendez	Thurman
Edwards	Mfume	Torres
Engel	Miller (CA)	Torricelli
Evans	Mink	Velazquez
Fattah	Moakley	Waters
Fields (LA)	Mollohan	Watt (NC)
Filner	Nadler	Waxman
Flake	Oberstar	Williams
Foglietta	Obey	Wise
Ford	Olver	Woolsey
Gephardt	Owens	Yates
Hastings (FL)	Pastor	
Hilliard	Payne (NJ)	

ANSWERED "PRESENT"—1

Lowey

NOT VOTING—16

Barr	Hinchey	Volkmer
Bono	Hunter	Waldholtz
Chapman	Laughlin	White
DeFazio	Ros-Lehtinen	Wilson
Ewing	Tejeda	
Fowler	Tucker	

□ 1147

The Clerk announced the following pair:

On this vote:

Mr. Bono for, with Mr. DeFazio against.

Mrs. MEEK of Florida, Mr. DIXON, and Ms. ROYBAL-ALLARD changed their vote from "yea" to "nay."

Mr. KENNEDY of Massachusetts changed his vote from "nay" to "yea." So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LAYING ON THE TABLE HOUSE RESOLUTION 260, WAIVING PROVISIONS OF CLAUSE 4(b) OF RULE XI AGAINST CONSIDERATION OF CERTAIN RESOLUTIONS REPORTED FROM COMMITTEE ON RULES

Mr. DREIER. Mr. Speaker, I ask unanimous consent that House Resolution 260, waiving the provisions of clause 4(b) of House rule XI against the consideration of certain resolutions reported from the Rules Committee, be laid on the table.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON H.R. 1058, PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Mr. BLILEY. Mr. Speaker, pursuant to House Resolution 290, I call up the

conference report on the bill (H.R. 1058) to reform Federal securities litigation, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to rule XXVIII, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, November 28, 1995, at page H13692.)

The SPEAKER pro tempore. The gentleman from Virginia [Mr. BLILEY] and the gentleman from Massachusetts [Mr. MARKEY] each will be recognized for 30 minutes.

The Chair recognizes the gentleman from Virginia [Mr. BLILEY].

Mr. BLILEY. Mr. Speaker, I yield myself 3 minutes.

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, I rise today in strong support of the conference report on H.R. 1058, the Private Securities Litigation Reform Act of 1995.

This is extremely important legislation for investors and for our economy. It is designed to curb frivolous and abusive securities litigation. This kind of litigation exacts a tax on this country's most productive and competitive companies and their shareholders.

Job-creating, wealth-producing companies that have done nothing wrong, too often find themselves subject to class action lawsuits whenever their stock price drops. They are forced to pay extortionate settlements, because the costs of defending these lawsuits are prohibitive. And, when companies are forced to settle, their shareholders, ultimately, pay the costs. I am pleased that when this legislation was considered by the House earlier this year, majorities of both parties, Republicans and Democrats, supported it.

This legislation puts control of class action lawsuits back in the hands of the real shareholders, where it belongs. Just as important, it gives judges the tools they need to dismiss frivolous cases before they turn into lengthy and costly fishing expeditions. I want to underscore this point. This legislation puts strong and effective tools in the hands of judges, and we expect them to use these tools to dismiss frivolous cases and to sanction those who bring them.

Critics of this legislation think we should preserve the status quo—or simply thinker with the present system. But we cannot allow the current system to continue, when those who benefit most from it are professional plaintiffs and lawyers. The cost of securities strike suits, to our economy in the form of lost jobs, to our investors in the form of diminished returns, and to our companies in the form of diminished competitiveness are too great.

Let me explain how the conference report would address the flaws in the current system.

First, it limits the kind of abusive class action lawsuits that are driven by

entrepreneurial lawyers and their stable of professional plaintiffs. It permits courts to select as lead plaintiff the shareholder most capable of representing the class—not just the plaintiff who happens to file first because some law firm already has a compliant on its word processing machine ready to go. The legislation also requires full disclosure of settlement terms to investors. We no longer will permit lawyers to hide the facts from their real clients, something they have been doing for years.

These are hardly radical reforms. But, they will ensure that real investors with real grievances are the ones driving the litigation, not those who only interest is in winning their share of attorney fees.

Second, the conference report discourages frivolous lawsuits by imposing costs on those who initiate them. To accomplish this, it requires a court to impose sanctions on a party if the complaint, or any motion, constitutes a violation of rule 11(b) of the Federal Rules of Civil Procedure; in other words, if the complaint or a motion was filed to harass or cause unnecessary delays or costs. Again, this is hardly radical, but it is only fair. Those who abuse the system to inflict unnecessary costs on others should pay a price.

The conference report seeks to encourage early dismissal of frivolous lawsuits and limit the costs of discovery. It requires lawyers who file a complaint to "plead with particularity" the facts that would support a charge of fraud. If you sue someone, you should be able to explain what they did, and why it was a fraud. And it prevents lawyers from launching "fishing-expedition" discovery while a motion to dismiss is pending.

The conference report provides a cap on damages. We all have seen situations where an earnings surprising sends the price of a company's stock into a tailspin. The problem in the current system is that damages often are measured when the stock drops to its lowest point, even though it quickly rebounds and may even be higher within days, weeks, or months. This bill prevents a temporary drop in price from yielding huge awards for lawyers and professional plaintiffs.

The conference report addresses the unfairness of joint and several liability, which now allows a plaintiff to seek 100 percent of his damages from a defendant whose actions may deserve only 1 percent of the blame. The legislation requires every defendant to pay his or her fair share of the damages, based on a finding by a judge or jury. But, except in special circumstances, a defendant cannot be held liable for 100 percent of the damages unless a plaintiff proves the defendant acted with actual knowledge. Small investors, however, will be able to recover 100 percent of their damages even from those defendants whose participation was relatively minor.